



Harry's Take

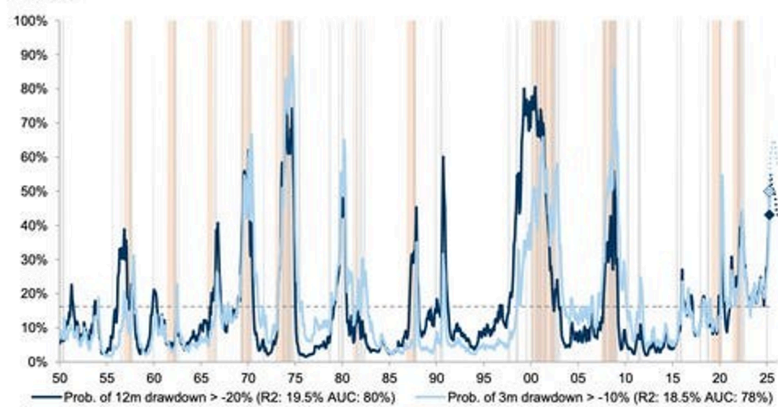
May 13, 2025

Another Sign of a Major Crash and Recession Ahead

Haver Analytics has a risk model that rates the probabilities of a larger 12-month+ crash in stocks or a smaller 3 month+. The dark blue line shows the 12-month risk and the light blue line is the 3-month+ risk. Note that this indicator tends to continue to rise into the recession and/or stock crash that follows, hence it will only go higher.

Haver Analytics Risk Model Higher Than 2008 Before the Crash Hits!

Exhibit 2: Our equity drawdown risk model has indicated elevated risks since the beginning of the year but probabilities have not peaked yet
Implied probability of S&P 500 drawdown based on multi-variate logit model (Orange/ light grey shading = S&P 500 subsequent drawdown >20%/>10%. Dashed line = unconditional probability). Dotted line based on GIR macro forecasts



Source: Haver Analytics, Datastream, Goldman Sachs Global Investment Research

Source: [Trump's Tariff Pause Won't Stop Stocks From Falling: Goldman Sachs - Business Insider](#)

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With the exception of the 2000-2002 78% Nasdaq and near-50% S&P 500 crash, this is the highest this indicator has gotten before the recession and crash actually hit, including coming into the 2008 Great Financial Crisis. And it will likely get higher fast before the next crash and recession are obvious. 2008 was the deepest recession since the Great Depression and 2000-02 was the sharpest crash. I expect both sharper and deeper this time.

That 78% Nasdaq crash was the first major stock “bubble burst” since 1929-32. And I am expecting this to be the final and largest bubble crash of our time, and again, it is likely to continue up higher yet just ahead.

This is just another of many indicators that are warning that a major crash and recession is ahead, not just another once a decade 20%+ stock correction.

Harry

Got a question or comment? You can reach us at info@hsdent.com.

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